



## A BILL FOR AN ORDINANCE

RELATING TO REAL PROPERTY TAX ASSESSMENTS.

BE IT ORDAINED by the People of the City and County of Honolulu:

SECTION 1. Purpose. The purpose of this ordinance is to permit dedication for residential use in mixed-use zoning and transit oriented development areas for real property tax purposes.

SECTION 2. Section 8-7.5, Revised Ordinances of Honolulu 1990, as amended, is amended to read as follows:

**"Sec. 8-7.5 Certain [lands] property dedicated for residential use.**

(a) As used in this section:

"Apartment building" means a multi-family dwelling that is situated on a single parcel, which parcel: (1) is exclusively in residential use, and (2) is not subdivided into condominium units.

"Multi-family dwelling" means a building containing three or more dwelling or lodging units, as defined in Section 21-10.1, which is not a hotel.

[The term "owner" as used in this section] "Owner" means a person who is the fee simple owner of real property, or who is the lessee of real property whose lease term extends at least [10] five years from the date of the petition.

"Residential use" means the actual use of a dwelling unit or lodging unit: (1) by occupants for compensation for periods of 30 or more consecutive days; (2) by the unit owner personally or (3) by the unit owner's guest(s) without compensation. For purposes of this definition, compensation includes, but is not limited to, monetary payment, services or labor of employees. Residential use specifically excludes the use of the unit as a transient vacation unit or for time sharing.

[(b) A special land reserve is established to enable the owner of any parcel of land within a hotel, apartment, resort, commercial or industrial district to dedicate such person's land for residential use and to have such person's land assessed at its value in residential use and classified as homeowner; provided, that (1) the land dedicated shall be limited to a parcel used only for single family dwelling residential use; (2) the owner of the land dedicated shall use it as the owner's home; (3) the land dedicated has been granted a home exemption under Section



## A BILL FOR AN ORDINANCE

8-10.4 of this chapter; and (4) not more than one parcel of land shall be dedicated for residential use by any owner.]

(b) The owner of a parcel may dedicate the parcel for residential use and have the property assessed at its value in residential use, provided that the property meets either of the following requirements, as applicable:

(1) The parcel is within an apartment, resort, business or industrial district. The parcel may be classified as homeowner, provided, that:

(A) The parcel dedicated shall be limited to a parcel used only for single family dwelling residential use;

(B) The owner of the parcel dedicated shall use it as the owner's home;

(C) The parcel dedicated has been granted a home exemption under Section 8-10.4 of this chapter for each dwelling unit on the parcel; and

(D) Not more than one parcel shall be dedicated for residential use by any owner; or

(2) The parcel is improved with an apartment building and is:

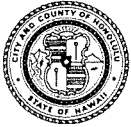
(A) Zoned BMX-3, BMX-4, AMX-1, AMX-2, AMX-3, IMX-1, I-1, I-2, I-3, B-1 or B-2;

(B) In the Waikiki special district and is zoned apartment mixed use subprecinct, resort mixed use precinct, or resort-commercial precinct; or

(C) In a transit-oriented development zone pursuant to Section 21-9.100.

Such parcel shall be classified as non-homeowner.

[(c) (1) If any owner desires to use such person's land for residential use and to have such person's land assessed at its value in this use and classified as homeowner, the owner shall so petition the director of finance and declare in such person's petition that if such person's petition is approved, the owner will use such person's land for single family dwelling residential use



---

## A BILL FOR AN ORDINANCE

---

only and that such person's land so dedicated will be used as such person's home.

- (2) Upon receipt of any such petition, the director of finance shall make a finding of fact as to whether the land described in the petition is being used by the owner for single-family dwelling residential use only and as the owner's home. If the finding is favorable to the owner, the director of finance shall approve the petition and declare the land to be dedicated.]
- (c) The owner of real property who wishes to dedicate such property for residential use and have the property assessed at its value in residential use according to subsection (b) shall petition the director and declare in such petition that if the petition is approved, the owner shall meet the applicable requirements of subsection (b) pertaining to the property.
- (d) The approval of the petition by the director [of finance] to dedicate shall constitute a forfeiture on the part of the owner of any right to change the use of such person's land for a minimum period of [10] five years, automatically renewable thereafter for additional periods of [10] five years subject to cancellation by either the owner or the director [of finance]. Cancellation of the dedication by the owner must be in writing and submitted to the director by September 1<sup>st</sup> within the 10<sup>th</sup> year of the date of the dedication, or the latest five-year renewal period.
- (e) (1) Failure of the owner to observe the restrictions on the use of such person's [land] property or the sale of the property shall cancel the special tax assessment privilege retroactive to the date of the dedication, or the latest [renewal-10-year] five-year renewal period, and all differences in the amount of taxes that were paid and those that would have been due from assessment in the higher use shall be payable with a 10 percent per year penalty [from the respective dates that these payments would have been due.] retroactive to the date of the dedication, or the latest five-year renewal period. Failure to observe the restrictions on the use means failure for a period of over 12 consecutive months to use the [land] property in the manner requested in the petition or the overt act of changing the use for any period, or the sale of the real property. Nothing in this subsection shall preclude the county from pursuing any other remedy to enforce the covenant on the use of the [land.] property.
- (2) The additional taxes and penalties, due and owing as a result of failure to use or any other breach of the dedication shall be a paramount lien upon the property as provided for by this chapter.



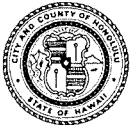
---

## A BILL FOR AN ORDINANCE

---

- (f) The director [of finance] shall prescribe the form of the petition. The petition shall be filed with the director [of finance] by September 1st of any calendar year [and shall be approved or disapproved by October 31st of that calendar year]. The notice of assessment shall serve as notification of approval or disapproval of the petition for dedication. If the petition is approved, the assessment based upon the use requested in the dedication shall be effective on October 1st of the same calendar year.
- (g) The owner may appeal any disapproved petition as in the case of an appeal from an assessment."

SECTION 3. Ordinance material to be repealed is bracketed. New material is underscored. When revising, compiling or printing this ordinance for inclusion in the Revised Ordinances of Honolulu, the revisor of ordinances need not include the brackets, the bracketed material or the underscoring.



CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII

ORDINANCE 10-14

BILL 6 (2010), CD2

A BILL FOR AN ORDINANCE

SECTION 4. This ordinance shall take effect upon its approval and apply to tax years beginning on July 1, 2011 and thereafter.

INTRODUCED BY:

Donovan Dela Cruz

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

DATE OF INTRODUCTION:

January 21, 2010  
Honolulu, Hawaii

Councilmembers

APPROVED AS TO FORM AND LEGALITY:

Guan A. Bender  
Deputy Corporation Counsel

APPROVED this 25th day of July, 2010.

Mufi Hannemann  
MUFU HANNEMANN, Mayor  
City and County of Honolulu

CITY COUNCIL  
CITY AND COUNTY OF HONOLULU  
HONOLULU, HAWAII  
C E R T I F I C A T E

ORDINANCE **10-14**

**BILL 6 (2010), CD2**

Introduced: 01/21/10 By: DONOVAN DELA CRUZ

Committee: BUDGET

Title: A BILL FOR AN ORDINANCE RELATING TO REAL PROPERTY TAX ASSESSMENTS.

Links: [BILL 6 \(2010\)](#)  
[BILL 6 \(2010\), CD1](#)  
[BILL 6 \(2010\), CD2](#)  
[CR-35](#)  
[CR-173](#)

COUNCIL	01/27/10	BILL PASSED FIRST READING AND REFERRED TO BUDGET COMMITTEE.								
	ANDERSON	Y	APO	Y	CACHOLA	Y	DELA CRUZ	Y	DJOU	Y
	GARCIA	Y	KOBAYASHI	Y	OKINO	Y	TAM	Y		
BUDGET	02/10/10	CR-35 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON SECOND READING AS AMENDED IN <u>CD1</u> FORM AND SCHEDULING OF A PUBLIC HEARING.								
PUBLISH	02/13/10	PUBLIC HEARING NOTICE PUBLISHED IN THE HONOLULU STAR BULLETIN.								
COUNCIL/PUBLIC HEARING	02/24/10	CR-35 ADOPTED. BILL PASSED SECOND READING AS AMENDED, PUBLIC HEARING CLOSED AND REFERRED TO BUDGET COMMITTEE.								
	ANDERSON	Y	APO	Y	CACHOLA	Y	DELA CRUZ	Y	DJOU	Y
	GARCIA	Y	KOBAYASHI	Y	OKINO	Y	TAM	Y		
PUBLISH	03/03/10	SECOND READING NOTICE PUBLISHED IN THE HONOLULU STAR BULLETIN.								
BUDGET	03/03/10	BILL DEFERRED IN COMMITTEE AS PROPOSED IN CD2 FORM.								
BUDGET	04/07/10	BILL DEFERRED IN COMMITTEE AS PROPOSED IN CD2 FORM.								
BUDGET	05/26/10	BILL DEFERRED IN COMMITTEE AS PROPOSED IN CD2 FORM.								
		NOTE: EFFECTIVE MAY 25, 2010, COUNCILMEMBER CHARLES DJOU, REPRESENTING COUNCIL DISTRICT IV, RESIGNED FROM OFFICE. (Refer to Communication <u>CC-99</u> )								
		ON JUNE 9, 2010, THE APPOINTMENT OF LEE DONOHUE WAS APPROVED (Refer to <u>RES10-132, CD1, FD1 (VERSION A)</u> ) AND HE WAS SWORN INTO OFFICE AS A MEMBER OF THE HONOLULU CITY COUNCIL REPRESENTING DISTRICT IV TO FILL THE REMAINING TERM OF FORMER COUNCILMEMBER CHARLES DJOU.								
BUDGET	06/30/10	CR-173 – BILL REPORTED OUT OF COMMITTEE FOR PASSAGE ON THIRD READING AS AMENDED IN <u>CD2</u> FORM.								

---

COUNCIL	07/14/10	CR-173 ADOPTED AND BILL 6 (2010), CD2 PASSED THIRD READING AS AMENDED.							
ANDERSON	Y	APO	Y	CACHOLA	Y	DELA CRUZ	Y	DONOHUE	Y
GARCIA	Y	KOBAYASHI	*	OKINO	Y	TAM	Y		

---

\* Councilmember abstained from voting.

I hereby certify that the above is a true record of action by the Council of the City and County of Honolulu on this BILL.

  
for BERNICE K. N. MAU, CITY CLERK

  
TODD C. APO, CHAIR AND PRESIDING OFFICER